



MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

PURPOSE

The purpose of this Circular is to support effective functioning and decision-making of Councillors serving on Municipal Public Accounts Committees (MPACs). Information contained in the attached Guide and Toolkit was developed to assist stakeholders perform their oversight and related responsibilities as elected members. The aim is also to improve accountability, transparency, economical, effective and efficient use of public resources in executing municipal functions giving effect to improved and expanded delivery of services.

Other key priorities such as obtaining value for money, re-distribution of resources, achieving equity, inclusive growth, attracting investments and also creating opportunities for employment, ensuring a safe and healthy environment, and addressing service backlogs, amongst others, are all aspects important to local government.

BACKGROUND

There are limitations on availability of public resources and finances to deal with all challenges immediately. It has also been reported that unauthorised, irregular, fruitless and wasteful expenditure in local government has reached concerning proportions. This has fueled sentiments that resources are being squandered and that other forms of misuse of public resources are going unchecked.

The role of oversight structures, including committees of council and officials serving in the local government sphere have a key role to play in improving resource utilisation and holding the executive and administration to account. This requires specific structures to exercise proper oversight of public funds. The legislative and regulatory framework provides for different layers of oversight, i.e. national, provincial and local. Internal and external audit processes contribute towards public confidence in the system of local government.

In order to ensure elected representatives take accountability for resource allocation, utilisation and outcomes, the MPAC play a meaningful oversight role in council. A municipal council is made accountable when there is improved public oversight of spending and strategic decisions concerning municipal finances.

UNDERSTANDING THE GUIDE AND TOOLKIT

When considering the purpose of a MPAC, it is important to note that modern management and audit functions extends beyond financial reporting and progressively moves towards reporting on performance and achievement of strategic goals. This translates into operational and institutional performance. Audit Committees for example, have much potential to review evidence of the financial and performance outcomes often claimed by the municipality. These

are articulated and reported on in various reports, both in year and annually. Already there are indications that managers are more wary of reporting performance in a manner that cannot be supported by evidence. Reported achievements must be comparable with pre-determined objectives and goals.

The Municipal Public Accounts Committees (MPACs) are partially modelled on the example of the *Standing Committee on Public Accounts (SCOPA)* used in South Africa by legislatures at the national and provincial government level. Considering that the initial document on oversight committees for municipalities was issued in 2011, it was deemed relevant to update and improve on the initial concepts since there were many challenges experienced in establishing oversight committee structures.

The institutional differences, categories, size and capacity of municipalities, as well as the powers and functions performed were considered in developing the Guide and Toolkit. There are also various committees of council with different responsibilities, as have been outlined in the Municipal Finance Management Act and Municipal Systems Act. Since 2015 municipalities have set up MPACs, however, these have operated at varied levels of effectiveness. Closer monitoring by national and provincial government of MPACs in 2016 had shown the model has been implemented, but in some instances MPACs exist in name and effective implementation of their mandate is not yet a reality.

This Guide and Toolkit has been designed on the premise that systems and tools to promote value for money aligned to performance, operational efficacy and impact of council oversight committees has started but requires further support. The comments of the Auditor-General also suggest that even when MPACs are in place, councillors do not necessarily understand their role and often lack the skills necessary to ensure a robust committee engagement and a careful scrutiny of the activities and decisions taken by the executive and administration. There is also little indication of community participation or engagement with the public oversight process meant to engage on the annual report.

MPACs experience turnover of councillors at least every five years due to the cycles of local government elections. MPACs therefore often take office as a new committee with new incumbents ready to exercise oversight but often require training in order to perform their oversight functions. The main thrust of this Guide and Toolkit is to accelerate learning by new incumbents in order to enable them to actively engage in oversight activities, as soon as possible.

The Guide and Toolkit therefore provides a range of instruments to support the MPACs as they exercise oversight. The main emphasis is placed on practicality and duties an ordinary MPAC councillor will be called on to perform.

CONCLUSION

It is incumbent on the accounting officer of a municipality to ensure that this Circular, the Guide and Toolkit is brought to the attention of all Councillors serving on MPAC and the Municipal Council.

All comments and enquiries can be directed to the email below.

CONTACT



National Treasury

Private Bag X115, Pretoria 0001

Email – General mfma@treasury.gov.za

Website www.treasury.gov.za/mfma

TV PILLAY

Chief Director: MFMA Implementation

19 April 2018

Annexure: Guide and Toolkit for Municipal Public Accounts Committees